

RECORDATION NO. 25964-4 FILED

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SURFACE TRANSPORTATION BOARD

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November 10, 2005

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Mortgage, dated as of November 10, 2005, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Net Railcar Lease being filed with the Board under Recordation Number 25964.

The name and address of the party to the enclosed document are:

Debtor: Babcock & Brown Rail Funding LLC
885 Second Avenue
New York, New York 10017

[Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent
FPA 4 Lease/Asset Finance
Am Tucherpark 1 (FPA)
80538 Munich
Germany]

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Mr. Vernon A. Williams
November 10, 2005
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A description of the railroad equipment covered by the enclosed document
is:

135 railcars: ETRX 853001 – ETRX 853135

A short summary of the document to appear in the index is:

Memorandum of Mortgage.

Also enclosed is a check in the amount of \$33.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/anm
Enclosures

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SURFACE TRANSPORTATION BOARD

MEMORANDUM OF MORTGAGE

Memorandum of Mortgage, made and entered into as of November 10, 2005 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "**Debtor**") and **BAYERISCHE HYPO-UND VEREINSBANK AG**, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "**Secured Party**"). Terms used in this instrument have the meanings assigned thereto in the Second Amended and Restated Security Agreement dated as of November 7, 2005 (as supplemented, including by Security Agreement Supplement No. 25 dated the date hereof, the "**Security Agreement**") between the Secured Party and the Debtor.

WITNESSETH:

The undersigned and the Secured Party have entered into the Security Agreement, by which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each lease referred to on Exhibit B attached hereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

IN WITNESS WHEREOF, the party hereto has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

**BABCOCK & BROWN RAIL FUNDING
LLC**

By Victoria McManus
Name: Victoria McManus
Title: President

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9th day of November in the year 2005 before me personally came Victoria McManus to me known, who, being by me duly sworn, did depose and say that she resides at 307 East 12th Street, Apt. TH, New York, NY 10003; that she is the President (duly appointed) of Babcock & Brown Rail Funding LLC, the limited liability company described in and which executed the above instrument; and that she signed her name thereto by authority of the officers of said limited liability company.

Clementina Capasso
Notary Public

[Notarial Seal]

CLEMENTINA CAPASSO
NOTARY PUBLIC, STATE OF NEW YORK
No. 01CA6120806
QUALIFIED IN NEW YORK COUNTY
MY COMMISSION EXPIRES DEC. 27, 2008

Memorandum of Mortgage

**Exhibit A
to Memorandum of Mortgage**

EQUIPMENT

<u>Lease #</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
1	135	2005	4520 CF Aluminum body rotary dump BethGon II Coal Porter railcars, 286K lbs. GRL, AAR car type code J311	ETRX 853001- 853135, inclusive	None

Exhibit B
to Memorandum of Mortgage

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

Lease # 1

Master Net Railcar Lease dated as of July 1, 2005, by and between Babcock & Brown Rail Funding LLC and Entergy Arkansas, Inc. to the extent the same relates to the Equipment described in Exhibit A hereto.

Schedule No. 01 to Master Net Railcar Lease dated as of October 26, 2005, by and between Babcock & Brown Rail Funding LLC and Entergy Arkansas, Inc., to the extent the same relates to the Equipment described in Exhibit A hereto.

Master Lease Amendment No. 01 entered into as of October 17, 2005 and effective as of July 1, 2005, by and between Babcock & Brown Rail Funding LLC and Entergy Arkansas, Inc., to the extent the same relates to the Equipment described in Exhibit A hereto.

Memorandum of Net Railcar Lease dated as of October 26, 2005, by and between Babcock & Brown Rail Funding LLC and Entergy Arkansas, Inc.

Certificate of Acceptance of Railroad Cars dated October 28, 2005, from Entergy Arkansas, Inc. to Babcock & Brown Rail Funding LLC in relation to the railcars identified in the Certificate of Acceptance.

Master Railcar Manufacturing and Purchase Agreement made and entered into as of June 28, 2005, by and between FreightCar America, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described in Exhibit A hereto.

Rider No. 03 to Master Railcar Manufacturing and Purchase Agreement between FreightCar America, Inc. and Babcock & Brown Rail Funding LLC dated as of October 10, 2005, to the extent the same relates to the Equipment described in Exhibit A hereto.

Each Assignment and Assumption Agreement dated as of October 19, 2005, between Babcock & Brown Rail Funding LLC and Greenbrier Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described in Exhibit A hereto.

Warranty Bill of Sale dated as of November 10, 2005, from FreightCar America, Inc. to Babcock & Brown Rail Funding LLC and Certificates of Acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in the Warranty Bill of Sale.

Assignment and Assumption Agreement dated as of October 26, 2005, between Greenbrier Babcock & Brown Rail Funding LLC and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described in Exhibit A hereto.

Assignment and Assumption Agreement dated as of October 31, 2005, between Greenbrier Babcock & Brown Rail Funding LLC and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described in Exhibit A hereto.

Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in the property above described, whether the Debtor now has rights therein or such rights shall hereafter be acquired by it.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

11/10/05



Robert W. Alvord